

Pension Bill Background

The Bush/Boehner Bill Fails to Protect Employee Pensions

- **The Bush/Boehner Bill Opens a Dangerous Loophole that Jeopardizes Employee Retirement Savings.** It is amazing that after Enron employees lost over \$1 billion dollars of their nest eggs through a quagmire of conflicts of interest and self-dealing by company officials, that the Bush Administration has proposed legislation to open a dangerous loophole in our pension laws that allows self-interested investment firms to be the principal financial advisors to employees. Wall Street has just agreed to pay almost \$2 billion in penalties to "undo" its conflicted advice and the SEC is trying to remove all conflicts, not open up new loopholes.
- **The Bush/Boehner Bill Fails to Protect the "Sailor" Even When the "Captain" is Protected.** The press has been filled with reports of loopholes in the law that permit companies to protect millions of dollars in pension benefits for a few top executives - out of the reach of creditors and immune from stock market volatility - while the retirement savings of thousands of loyal employees is negotiated away or undercut. The Bush/Boehner bill does nothing to establish fair rules to limit runaway executive compensation or protect employees from unfair benefit cuts.
- **The Bush/Boehner Bill fails to Protect Long Service Workers' Pensions in Cash Balance Pension Conversions.** The Bush Administration has proposed rules that would give the green light to cash balance pension conversions without any protections for long service employees. Without legislation to stop these regulations millions of workers will see their pensions slashed by as much as 50 percent.
- **The Bush/Boehner Bill Fails to Address The Need For An Employee Voice on Pension Boards.** It is clear that Enron pension trustees failed to take decisive action to protect the savings of Enron employees. Many of the trustees were high-ranking executives whose job responsibilities conflicted with their role as watchdog for the employees. Workers should have the right to oversee the management of their pension monies.
- **The Bush/Boehner Bill Leaves Employees Locked into Company Stock for Long Periods Against Their Will.** The Boehner bill locks employees into their company-matched stock for a complicated, 3-year rolling period. This undermines the ability of employees to rescue their funds if the company fails, or to fully diversify. Enron stock

went from \$80 to 32 cents in less than one year. Bush/Boehner would not have helped Enron employees diversify their monies.

- **The Bush/Boehner Bill Fails to Hold Plans Accountable.** The Bush/Boehner bill continues current pension rules that severely limit the ability by which harmed employees can be made whole if the pension plan acted irresponsibly. Because current rules on legal remedies are stacked against employees, Enron workers are not likely to receive much of their life savings in court. The bill fails to require fiduciaries to have insurance and fails to boost Labor Department oversight efforts to protect workers.